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State of Utah Department of Commerce

Division of Securities

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NEWS RELEASE

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Arizona Home Equity Scheme Challenged by the State

Investor told home equity can be invested to earn profits to pay off entire home mortgage. . .

SALT LAKE CITY, Utah – The Utah Division of Securities today issued an Order to Show Cause against investment promoters from Arizona and Michigan. According to the Division, Penny Financial, Inc., Perry Penny, and Terry Penny, all of Gilbert, AZ, solicited money from a Utah investor claiming the money would earn profits high enough to pay off the investor's home mortgage in five years. The Pennys said the investments would be managed by RYM Technology Holdings, LLC and Felix L. Daniel, of Wayne County Michigan. Daniel is the managing member of RYM Technology.

According to the Order to Show Cause, Penny Financial advertises a "5 Years to Freedom" program on its web site. Under this program, investors are required to invest at least 25% of the value of their home mortgages in the program. This generally is done by refinancing the mortgage to withdraw available equity. The money is then to be sent to RYM Technologies where it is invested in a way that pays off the entire mortgage in only five years.

The Division alleges that the Pennys told potential Utah investors that there was no risk in the program and that the principal amount invested was guaranteed. The company even claimed that the investment program had a patent pending, "showing that this program is both legitimate and beneficial." Moreover, Perry Penny told potential investors the program had passed inspection by the U.S. Attorney's Office and the IRS and that 30 IRS agents invested in the program. He is alleged to have said the investor's money would be sent to RYM Technology where it would be invested in large real estate deals such as apartment conversions in New York and China. Terry Penny (the wife of Perry Penny) also solicited the potential investor in Utah, suggesting that she "pull as much cash out [of the home] at the closing as possible."

RYM Technology sent a package of investment documents to the Utah resident being solicited, including a payment note. Fortunately, the Utah resident decided not to invest and informed the Division of the solicitation. During the investigation of this matter, the Division has been coordinating with Michigan securities regulators, who also are investigating this scheme.

A hearing has been set for January 29, 2007 to determine whether the respondents dispute the Division's allegations and to set a trial date. If the Division's allegations are proven, the respondents may be fined as much as \$120,000.